



ADMINISTRATION MANUAL

COASTAL FARMERS MEMBER PROVIDENT FUND

GALLET EB SUPPORT SERVICES (PTY) LTD

A member of the Gallet Group of Companies

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1. INTRODUCTION

The admin manual is to assist and guide Coastal Farmers Member Provident Fund's ("the Fund" or "CFMPF") participating employer's HR representatives and/or payroll staff to provide the right information at the right time to ensure the efficient and accurate administration of member particulars, risk benefits, retirement savings and claim processes.

Gallet Retirement Fund Administrators ("Gallet") will endeavour to ensure that information contained herein is true and correct. However in the event of a discrepancy between this manual and the rules of the Fund, the rules will take precedence.

1.1. WELCOME

What should you know about the Fund?

The Coastal Farmers Member Provident Fund (CFMPF) is a defined contribution fund. The rules of a defined contribution fund define how much the member and the employer contributes to CFMPF every month. These contributions, including any benefit transferred into CFMPF are invested and carefully managed so that member's retirement savings may grow. On withdrawal or retirement from CFMPF, the members' entire retirement savings (less tax, if applicable) will be paid per the member's selected payment option.

The costs of running the fund, which the employer pays over and above the employer contribution, are as follows:

| | |
|-------------------------------------|-----------------------------|
| Administration fees: | R17.54 per member per month |
| Co-op fees: | R2.00 per member per month |
| Contribution towards fund expenses: | 0.86% of fund salary |

Investment management fees:

These are based on the fees negotiated with the respective asset managers or based on the fees applicable to that product. These fees are currently as follows:

| | |
|--|---|
| Coronation Balanced Defensive Fund (unit trust): | 1.25% of assets per annum |
| Sanlam Monthly Bonus (insurance policy): | 0.425% of assets per annum plus a capital charge of 1.60% of assets per annum |

2. Fund

CFMPF is a defined contribution provident Fund.

Contributions to provident funds are tax deductible to the lower of R350 000 per annum or 27.5% of salary.

Upon retirement from a provident fund members are allowed the full benefit amount as a cash lump-sum.

Important Fund dates

| | |
|---|-------------|
| Fund's year end | 31 December |
| Fund's financial statements due at Financial Services Board | 30 June |
| Risk review date | 1 January |
| Benefit statements | 28 February |

2.1. GOVERNANCE

Trustees

The Fund is managed by a Board of Trustees that consists of five x (5) Trustees, four (4) are employer appointed trustees, and one (1) is an independent trustee.

The Board of Trustees is responsible for all decisions affecting CFMPF and has a fiduciary duty to all CFMPF members. The duties and responsibilities of the Board of Trustees are set out in more detail in sections 7C and 7D of the Pension Funds Act.

Principal Officer

The Board of Trustees is assisted by a Principal Officer whose duty it is to manage the day-to-day affairs of the Fund in terms of the Rules of CFMPF and to ensure that the Fund complies with all applicable legislative requirements.

Advisor and/or Consultant

The advisor and/or consultant provide guidance and advice on the decisions affecting the Fund, ongoing reporting on legal updates, actuarial reporting and investment requirements.

Fund Rules

An approved registered retirement fund has a set of fund rules and amendments, if applicable, as prescribed by the Pension Funds Act. The rules are registered with the Financial Services Board (FSB). The registered fund rules are a guide to fund process and management and are mandatory on the all parties described in the rules (member, the employer, the service providers and any officers of the fund).

A copy of the Fund rules will be provided on request.

2.2. RETIREMENT FUND LEGISLATION

A retirement fund, once registered, acquires a status of a separate legal entity and may only operate in terms of the retirement funds registered and approved fund rules.

The Fund will communicate applicable legislative changes and/or requirements to participating employers and members (where applicable).

What important pieces of legislation are applicable to retirement funds?

The following are important pieces of legislation that are applicable to retirement funds:

- **The Pension Funds Act**
This Act governs all Retirement Funds, including CFMPF.
- **Income Tax Act**
This Act applies to taxation of contributions and benefits.
- **Financial Advisory and Intermediary Services Act (FAIS)**
This Act applies to any advice relating to your benefits and investments. The Act governs any form of intermediary services between the member and the CFMPF.
- **Financial Intelligence Centre Act (FICA)**
This Act is designed to combat money laundering, which is the abuse of financial systems in order to hide and/or disguise proceeds of crime.

There may be other additional pieces of legislation that may also be applicable to retirement savings and pension funds that are not referenced above.

What is the Financial Services Board (FSB)?

The FSB is an independent institution, established by statute to oversee the South African non-banking financial services industry in the public interest, and fully funded by fees and levies imposed on this industry.

What is the Pension Fund Adjudicator (PFA)?

The purpose of the PFA has been established to resolve disputes in a procedurally fair, economical and expeditious manner. The adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of pension funds.

Complaints may be made to the PFA, following a defined process. This process is set out in detail in section 11.2 of this manual.

2.3. ADMINISTRATOR

The dedicated CFMPF administration team are equipped to efficiently deal with specific administration functions. The general functions of the administrator include contribution collection, forwarding risk premiums to risk providers, the investment of net contributions with the relevant investment managers, managing member exits, benefit payments, benefit transfers (into and out of the fund) and administration reporting (participating employer and employee). Your CFMPF administration team's contact detail will be made available to you.

3. TRANSFERS

CFMPF must be notified of any potential transfer of members' retirement savings from or to their new retirement fund.

3.1. SECTION 14 TRANSFERS

Section 14 of the Pension Funds Act provides the trustees with a legal framework to enable the transfer of retirement savings between FSB and SARS approved retirement funds within 180 days from the effective date of transfer (it could be longer if there are any delays).

This framework sets out certain processes and procedures that need to be followed to ensure that your retirement savings are protected during the transfer process and that you understand how your previous retirement fund arrangements differ to your new retirement fund arrangements. Importantly, this transfer process is overseen by the Financial Services Board and aims to ensure that the members' interests are always protected.

- **What does the transfer process entail?**

The process involves both the old fund and the new fund completing an application form (as required by the FSB), which confirms how many members are transferring and what the benefits of each member are at the effective date of transfer.

- **How long does the transfer process take?**

Legislation requires that the application form mentioned above should be lodged with the Financial Services Board within 180 days from the effective date of transfer. This process can sometimes take a long time but is structured to ensure that your retirement savings are protected. It is in the interest of both retirement funds to ensure that the transfer process is completed as soon as possible.

- **Is the retirement savings in the old fund invested during the transfer process?**

Yes, during the transfer process the members' retirement savings in the old fund is still invested and continues to earn investment returns. All new contributions paid into the new fund will also be invested and will earn investment returns.

- **What happens if the member's employment is terminated during the transfer process?**

If a member resigns, is dismissed, retrenched, or dies during the transfer process, the member's retirement savings will be paid from both the old fund and the new fund.

- **What happens when the transfer application has been approved by the Financial Services Board?**

Upon the Registrar of Pensions Funds at the Financial Services Board certifying that the transfer application has been concluded in terms of Section 14(1) of the Pension Funds Act, the administrator of your old fund has 60 days in which to pay your retirement savings to the new fund. At this point, your retirement

savings in the old fund will be disinvested from the investment portfolio/s and will be placed in a bank account in order to facilitate an electronic funds transfer (i.e. payment) to the new fund. From the date that your retirement savings are disinvested to the date that it is paid to the new fund, your retirement will earn interest.

Once the new fund receives your retirement savings, you immediately begin earning interest. Interest will be earned until such time that your retirement savings are invested in the new fund's investment portfolio/s.

- **What happens if the member's employment is terminated after the transfer application has been approved by the Financial Services Board?**

If a member resigns, is dismissed, retrenched, or dies after the section 14 has been approved by the Financial Services Board, the member's full retirement savings will be paid in full from the new fund. If the exit therefore occurs before the transfer value has been received and allocated by the new fund, the benefit payment may be delayed or a member may be paid two separate benefit payments by the new fund.

- **How do members know when the transfer process has concluded?**

Once the member's retirement savings and the additional interest earned is allocated to the member's record in the new fund, the administrator of the new fund will issue a transfer in statement. The transfer in statement will provide confirmation of the amount received from the old fund as well as confirmation of when the amount plus the additional interest earned have been invested in the new fund's investment portfolio/s.

- **Will Section 14 transfers be taxed?**

Transfer from and to like for like approved funds will not be taxed, however where the type of fund differs the member's retirement savings may be taxed. Please note the below Section 14 transfer table illustrating the transfer fund type and taxation process, where applicable.

| Section 14 Transfers – Section 14 Process Required | Tax Treatment |
|---|--|
| <ul style="list-style-type: none"> • Pension Fund to Pension Fund OR • Provident Fund to Provident Fund | No tax. No Tax application will be made for to SARS |
| <ul style="list-style-type: none"> • Pension Fund to Provident Fund | Transfer amount to be taxed as a full cash withdrawal benefit (on/after 1 March 2009). Tax application must be made to SARS. |
| <ul style="list-style-type: none"> • Pension or Provident Fund to Retirement Annuity Fund | No tax. No Tax application will be made for to SARS |

Note that from 1 March 2017 funds are required to apply for tax directives even where a transfer is between like for like approved funds. The Fund may therefore receive an IT88 assessment from SARS on specific members where those members' tax records are not up to date. The IT88 amount is required to be deducted from the applicable member's fund credit and paid to SARS prior to the transfer to the new fund.

The Transfer Details form needs to be completed where a section 14 transfer needs to be applied for.

3.2. TRANSFERS INTO THE FUND

An active member of CFMPF may transfer their previous employer's occupation fund and/or other preservation fund retirement savings via the Recognition of Transfer (RoT) process into CFMPF.

- **What is an ROT transfer?**

The RoT process is initiated by the fund administrator upon receipt of a member's transfer option. The transferring fund administrator will complete the transferor portion of a RoT and submit the RoT to the receiving fund administrator who will in turn, if accepted, sign and return the completed transferee section of the RoT to the transferring fund administrator.

Once the transferring fund administrator has received the accepted completed RoT, the administrator will commence with the tax application process. Only on receipt of an approved tax directive will the administrator pay the benefit to the receiving fund and provide the receiving fund with a confirmation of transfer, so that the benefit may be allocated correctly to the member new record.

- **Why would the receiving fund not accept a RoT or a transfer-in benefit?**

If the member has not yet joined the receiving fund or the benefit is not transferred from an approved fund the administrator will query the parameters of the transfer and, if not satisfied, the administrator may elect to not accept the transfer.

- **Will RoT transfers be taxed**

A tax application will be completed for all RoT transfers from CFMPF. SARS (where a like for like transfer has been completed) will issue the Administrator with a nil tax directive IT3(a) for the transferring member. Where the member has elected to transfer their retirement annuity fund (RAF) to another RAF a transfer via the Section 14 process must be completed.

Transfers from and to like for like approved funds will not be taxed, however where the type of fund differs the member's retirement savings may be taxed. Please note the below ROT transfer table illustrating the transfer fund type and taxation process, where applicable.

| RoT Transfers – Transfer for withdrawal benefits | Tax Treatment |
|---|---|
| Pension Fund to: <ul style="list-style-type: none"> • Pension Fund or • Pension Preservation Fund or • Retirement Annuity Fund | Tax application will be made for to SARS – Nil tax application should be returned from SARS |
| Pension Preservation Fund to: <ul style="list-style-type: none"> • Pension Fund or • Pension Preservation Fund or • Retirement Annuity Fund | Tax application will be made for to SARS – Nil tax application should be returned from SARS |
| Provident Fund to: <ul style="list-style-type: none"> • Provident Fund or • Provident Preservation Fund or • Pension Fund or • Retirement Annuity Fund | Tax application will be made for to SARS – Nil tax application should be returned from SARS. |
| Provident Preservation Fund to: <ul style="list-style-type: none"> • Provident Fund or • Provident Preservation Fund or • Retirement Annuity Fund | Tax application will be made for to SARS – Nil tax application should be returned from SARS |
| Pension Fund to Provident Fund | Tax application must be made to SARS. Transfer amount should be taxed as a full cash withdrawal |

Important note: The Fund will request confirmation from a member where fund type changes have occurred and/or the transfer benefit is taxed (i.e. Pension to Provident or Provident to Retirement Annuity Fund).

4. CONTRIBUTIONS

Contribution to CFMPF is defined by the rules and is based on a percentage of member salaries. The contribution is paid to the Fund on a monthly basis for record and investment.

Currently the contribution rates are as follows:

Member contribution rate: 5.00%

Employer contribution rate: 8.44%

4.1. MONTHLY CONTRIBUTIONS AND UPDATE

- **When are contributions due?**

Contributions shall be deposited into the Fund's bank account no later than 7 days after the month for which the contributions was payable. Should the 7th be on a weekend or a public holiday, the following working day will be deemed to be the due date as legislated.

Employers are required to submit proof of payment to the Fund within one business day from payment date.

Contributions cannot be invested if the contribution schedule does not agree to the contribution payment or is in contravention of the Rules. The administrator will query any contribution schedule discrepancies with HR and/or the payroll representative. The contribution schedule will not be noted as received until the queries had been resolved and/or the contribution schedule corrected and resubmitted. The participating employer's dedicated administration team will provide the HR/payroll person with guidance as to the format and timelines around optimum contribution requirements.

- **What are the contribution schedule requirements?**

A contribution schedule should be sent to the Fund via e-mail in Excel format. The contribution schedule must agree to the payment made to the Fund.

- **What happens if contributions are paid late or if the contribution schedule is provided late?**

If a contribution payment is received after the 7th or a contribution schedule is received after the 15th of the following month, interest will be calculated on the contribution amount from the 1st day of the following month until the date the cash is received at the rates as determined by the Registrar in the Government Gazette.

Where contributions are not paid to the Fund, CFMPF is required to report such non-payment to the Principal Officer 22 days after payment was due (i.e. on the 29th of the month following the month the contribution relates to). The Principal Officer will report such non-compliance to the Board of Trustees 7 days after receiving this report from the administrator.

The Board of Trustees has a duty to ensure such late receipt is reported to the members affected within a reasonable period.

If contributions are not paid within 90 days, the monitoring person must report non-compliance to the Directorate of Public Prosecution within 14 days. It is recommended that a report is also made at the South African Police Service ("SAPS") identifying the employer in contravention. SAPS will also report the matter to the Director of Public Prosecutions. The Principal Officer also ensures that a report has been made to the Registrar.

- **How are contributions taxed?**

Contributions to retirement funds may be tax deductible per legislation. The prescribed tax deductible limit being the lower of 27.5% of earnings or R350 000 per annum. These limits apply to all registered retirement funds, which an individual may make contributions to (pension, provident and retirement annuity funds). CFMPF will not monitor and report where individual member has breached the 27.5% of earnings or R350 000 annual tax deductible contribution capping as CFMPF does not have access to members' individual income information required to accurately determine any such limit breach.

CFMPF will allocate contributions in terms of the registered rules of the Fund. This means that contributions as categorised on the monthly contribution schedules must be fully compliant with the specific Fund Rules and the current applicable legislation.

CFMPF will record contributions received in accordance with the tax status as declared on the participating employer's contribution schedule (pre-tax contributions and/or post-tax contributions). The Fund therefore requires that the contributions tax status is accurately categorised on the contribution schedule (if applicable).

- **What happens if contributions have not been paid for a member and the Fund has not yet received a withdrawal notification?**

Where CFMPF has not received a contribution nor a valid exit claim, the member will be noted as a nil contributor and will remain active. However as contributions are not received, risk premiums due to the insurer cannot be paid. The member may consequently not be covered for risk benefits. In the event of a claim (i.e. death, disability or funeral), the claim may be repudiated by the insurer due to the non-receipt of risk premiums.

The member's retirement savings will remain invested in terms of their investment strategy and will consequently be adjusted by the investment return associated with the underlying investments. The risk is that markets may fall, reducing the member's retirement savings during the period between termination of service and termination of Fund membership. CMPF may only disinvest a member's retirement savings once the member's last contribution has been received and a valid withdrawal notification has been received.

5. INVESTMENTS

The Trustees have designed a range of investment options to match the needs of the Fund's members.

Members' contributions are invested into the following portfolios in the ratios indicated:

| | |
|------------------------------------|--------|
| Coronation Balanced Defensive Fund | 33.33% |
| Sanlam Month Bonus | 66.67% |

6. RISK BENEFITS

The Board of Trustees have elected to provide the following benefits through the Fund:

Group Life Cover (death cover)
Capital Disability (lump sum disability cover)

These are provided through Capital Alliance.

6.1. RISK BENEFITS, RATES AND REQUIREMENTS

Risk benefit policy documents may be obtained from the participating employer's consultant and may be updated from time to time. The Fund will request that a rebroke of risk benefits be completed regularly to ensure that the premiums paid for these policies are market related.

- **What are risk benefits?**

Risk benefits are insurance cover (death, disability funeral cover, etc.) provided by an insurer for members of a retirement fund. There are two types of risk benefit policies, namely approved benefits and unapproved benefits. The risk benefit will be based on the member's salary and is generally reflected as a percentage of salary or a multiple of salary depending of the type of benefit.

Currently the Fund's benefits are as follows:

| | |
|----------------------|----------------|
| Group Life Cover: | 1 times salary |
| Lump Sum Disability: | 1 times salary |

- **What is the difference between an approved risk benefit policy and an unapproved risk benefit policy?**

An approved risk benefit policy is an agreement between a retirement fund and an insurer, this benefit will be distributed by the Trustees of the retirement fund in terms of Section 37C of the Pension Funds Act. An unapproved risk benefit policy is an agreement between a participating employer or a group of employees and an insurer, this benefit may be distributed in terms of the member's beneficiary nomination form, if applicable.

- **What are the premiums?**

Currently the premiums are as follows:

| | |
|---------------------|--------|
| Group Life Cover | 1.833% |
| Lump Sum Disability | 0.300% |

6.2. DEATH

Group life assurance policies (GLA) are long-term insurance policies and can be structured as an approved or an unapproved policy. These policies provide benefits on the death of a member.

Currently it is set up as an approved benefit in the Fund, which means the insurance amount will be paid by the Fund to the member's beneficiaries as part of the retirement fund benefit.

Death Application Process

The approved death claim application process will form part of the death claim process, refer section 9.3 below.

6.3. DISABILITY

Disability benefits provide cover for employee incapacity resulting from disease or injury on a permanent basis. Benefits are provided in the form of a capital benefit and are paid out in the event of a disability claim that meets the definition of disablement as conveyed by the insurer.

Members are covered for a Lump sum disability benefit – commonly referred to as capital disability policies (PTD) and compensate the claimant on a lump sum basis as a result of total and permanent disability. This policy may often be referenced as accelerated death benefit. These policies can be taken on as an approved or unapproved basis. Where an approved lump sum disability policy is linked to the Fund, the benefit is paid out the Fund and in turn CFMPF would pay out the benefit to the member in terms of the rules of the Fund.

Claim Process

The participating employer needs to alert the insurer and the Fund as soon as a potential claim arises. Please note the below claim application guide that may assist HR and/or payroll representative, provided that the participating employer has such a benefit in place.

Disability Application Process

The member, with the assistance of their HR and/or payroll representative, should apply, via an insurer specific application, for disability benefits. Please note that the disability application may take a considerable amount of time to process (six months, if there are no discrepancies), hence the Fund encourages the member and/or employer to complete the required application form as soon as possible.

Once the completed application form is submitted to the insurer for approval, the insurer will complete an evaluation process and scrutinise the member's work activities and the circumstances surrounding the member's disability using the medical evidence requested in the application form. The insurer will make the final decision as to whether the member will be deemed disabled.

It is recommended that the participating employer immediately notifies the insurer where a member has been off work for two consecutive weeks due to illness or injury.

Disability Payment Process

Once the insurer has approved the member's disability application the disability benefit will be paid after the waiting period (the waiting period being calculated from the date of disability). The waiting period is defined in the benefit policy in accordance with the participating employer's requirements.

The lump sum disability payment will be paid by the insurer to the Fund, from where the benefit payment will be made to the member.

Disability Policy Wording and Provisions

Should you require further information regarding policy wording and/or policy provisions, please refer to the disability policy and/or the Fund consultant.

- **What establishes a disability member?**

If the member cannot perform the specific job he/she was employed and/or trained for. Note the insurer, following their investigation, determines the legitimacy of a disability member and approves the payment of the disability member.

- **Can the disabled member's employment contract be terminated and if so what will happen to the disabled member's membership?**

If the disabled member's contract is terminated by the employer, the member's Fund membership will terminate. Please note that the member will be paid out his retirement saving, per his selected payment option, however the member will no longer be covered for death benefits and all other benefits the member had enjoyed when employed by the participating employer (other unapproved benefits such as funeral cover.).

7. MEMBER

A member is an employee of the participating employer admitted to CFMPF in terms of the Fund Rules.

7.1. MEMBER GUIDE AND SUMMARY OF BENEFITS

Members that join the Fund should receive a member guide and summary of benefits from their participating employer's HR representative or payroll person. The member guide will contain important information on the Fund and the benefits they may receive.

7.2. MEMBER COMMUNICATION

CFMPF will request that active members interact with the administration team via their participating employer's authorised person. Confidential member information will only be distributed to an authorised person at the participating employer.

Statements

Once a year a Benefit Statement showing members retirement savings amount and their benefits within CFMPF (i.e. how much the member will receive if the member should resign, retire, die or become disabled).

8. SECTION 37D DEDUCTIONS

Section 37D of the Pension Funds Act provides for certain scenarios where the Fund may reduce a member's retirement savings for third party payments. The following arrangements apply for Section 37D deductions:

Housing loan(s)

The member has ceded their retirement savings, in terms of the Act, in respect of a housing loan granted by a lending provider and/or the employer. The Fund administration team must be notified in order to flag the member's record, to ensure the housing loan is settled on the member's exit from CFMPF, where applicable.

Divorce and/or maintenance order(s)

A court order has been issued for payment from the member's retirement savings in the case of divorce and/or maintenance court order. A certified copy of the court order must be submitted to the Fund as soon as possible. The court order enforceability will be confirmed by CFMPF and actioned accordingly.

In the case of a divorce order, the non-member former spouse is required to complete a Divorce Claim form.

Indebtedness to participating employer

A certified copy of a court and compensation order or a written admission of guilt signed by the member where the employee has admitted liability for loss due to an employee's theft, dishonesty, fraud or misconduct must be provided to the Fund as soon as possible and/or attached to the member's withdrawal notification.

9. CLAIM NOTIFICATION

If a member's employment is terminated through dismissal, resignation, retrenchment, retirement or death. The Fund must be notified via a claim notification form. This claim indicates the date of withdrawal, retirement or death as well as pertinent information for tax purposes and the member's payment option selection, if applicable.

The Fund may only process a claim notification once the correct and fully completed applicable claim notification signed and stamped by the participating employer's authorised signatory has been received.

IMPORTANT NOTE:

- SARS lump sum tax tables came in effect 1 March 2009 and may be amended from time to time.
- The tax accrual date for withdrawal/transfer benefits with effect 1 March 2009, was moved from "accrual" (date of withdrawal) to "payment option instruction" (when the member's instruction to receive payment/transfer has been received by the Fund);
- The tax accrual date for retirement benefits with effect 1 March 2015, was moved from "accrual" (date of retirement) to "retirement selection" (when the members election to retire has been received by CFMPF);
- Deferred retirement came into effect 1 March 2015, where the member may elect to remain a member of the Fund after retirement and defer payment of their retirement benefit.
- SARS may issue an IT88 tax directive to reclaim arrear taxes that a member may owe SARS. CFMPF will settle the IT88 with SARS (if applicable).
- Surplus benefits (other than Section 15B) will be treated as withdrawal benefits, where the tax application will be submitted to SARS for consideration.

9.1. WITHDRAWAL CLAIM

If a member's employment is terminated due to dismissal, resignation or retrenchment the participating employer needs to provide a fully completed withdrawal notification to CFMPF to enable the Fund to initiate the member's withdrawal claim process.

9.2. RETIREMENT CLAIM

If a member retires from the participating employer, the participating employer needs to provide a fully completed retirement claim to CFMPF to enable the Fund to initiate the member's retirement claim process. The member can retire from CFMPF any time after age 55.

9.3. DEATH CLAIM

If a member passes away, the employer needs to notify CFMPF and the insurer (if applicable) immediately after receiving the news of the member's death and provide a fully completed death notification form to CFMPF to enable the Fund to initiate the death claims process.

IMPORTANT: The insurer must be notified of the death of a member. The insurer may repudiate the claim if notification is not timeous (i.e. the insured benefit will no longer be payable).

All supporting documentation, including the death claim investigation form, must be provided to the Fund within six months of the death of a member. The participating employer may be requested by the Fund to motivate a reason for the late submission of death claim documentation.

9.3.1. DEATH INVESTIGATION FORM AND BENEFICIARY NOMINATION FORM

The death investigation form and the deceased member's Nomination of Beneficiaries form will assist the Board of Trustees of CFMPF to distribute the deceased member's benefit in terms of Section 37C of the Pension Funds Act, 24 of 1956 and will ensure that the deceased member's benefit is distributed promptly and appropriately to his beneficiaries and/or nominees. CFMPF requires as much information as the participating employer can supply about deceased member's dependants and/or nominees.

What is Section 37C of the Pension Funds Act, 24 of 1956?

Section 37C of the Pension Funds Act, 24 of 1956, governs the distribution of benefits on a member's death. In terms of this section, the Board of Trustees of CFMPF has a duty to apportion the benefits equitably between dependants and/or nominees.

Is payment to the members selected beneficiaries guaranteed?

Payment to beneficiary (ies) is not guaranteed. The Board of Trustees of CFMPF is obliged to consider all dependants as defined by law (but not necessarily make allocations to them). Should one of the beneficiaries predecease the deceased member and the deceased member's Nomination of Beneficiaries form had not been updated, the deceased beneficiary will be excluded from the distribution. The Pension Funds Act affords the Board of Trustees of CFMPF the responsibility of deciding how a benefit is distributed to a deceased member's dependants.

What is a dependant?

The Pension Funds Act defines dependants as:

- a person you are legally liable to for maintenance;
- a person you are not legally liable to for maintenance, if this person:
 - in the opinion of the Board of Trustees of CFMPF, upon the death of the member is in fact dependent on the member for maintenance;
 - is the spouse of the member;
 - is a child of the member, including a posthumous child, an adopted child and an illegitimate child;
 - was a person for whom the member would have become legally liable to pay maintenance, had the member not died.

What happens if the deceased member does not have dependants?

Only if the deceased member has no dependants (as defined by law) who, in the opinion of the Board of Trustees of CFMPF, were/was not factually dependent, may the Board of Trustees of CFMPF consider a person who is not dependent (as defined by law).

How long will the distribution of the death benefit take?

The Pension Funds Act assumes that the Board of Trustees of CFMPF may take up to twelve months before reaching a decision regarding the distribution of a death benefit. This allows the Board of Trustees of CFMPF, with the assistance of the participating employer, time to trace dependants. The Board of Trustees of CFMPF will, however, try to make such decisions sooner if all the required relevant information has been received. Although the Board of Trustees of CFMPF makes the final decision as to the benefit distribution, the information received from the participating employer will be an important guide to the Board of Trustees of CFMPF.

It is therefore very important that members update their nomination of beneficiary information regularly, or at least every time a significant life event occurs, e.g. marriage, birth of a child, etc.

10. CONTACTS

Any queries can be sent to Janine Webley Tel–(010) 595 0956 Email-jwebley@sygnia.co.za

All forms can be requested from Janine Webley Tel–(010) 595 0956
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